

Regular Session, 2012

SENATE BILL NO. 31

BY SENATOR HEITMEIER

TEACHERS RETIREMENT. Provides for purchase of service credit and membership in the system. (7/1/12)

1 AN ACT

2 To amend and reenact R.S. 11:728(C)(1)(a) and (b)(ii) and (iii) and (2)(a) and (b) and R.S.
3 17:3997(A)(2) and (3) and to repeal Act 999 of the 2010 Regular Session, relative
4 to the Teachers' Retirement System of Louisiana; to provide relative to membership
5 in the system of charter school teachers; to provide for purchase of service credit by
6 charter school teachers; to provide for an effective date; and to provide for related
7 matters.

8 Notice of intention to introduce this Act has been published.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:728(C)(1)(a) and (b)(ii) and (iii) and (2)(a) and (b) are hereby
11 amended and reenacted to read as follows:

12 §728. Prior service credit

13 * * *

14 C.(1)(a) Notwithstanding any other provision of this Chapter or of any other
15 law to the contrary, any person who is a member of this system shall be eligible to
16 obtain credit in this system for teaching service rendered in any **charter school**,
17 nonpublic college or university in Louisiana, ~~and~~ or state approved elementary or

secondary nonpublic or parochial school in Louisiana.

(b)(i) * * *

(ii) In addition, if the member is eligible to retire at the time he establishes credit for such service, there shall be paid into the system an amount equal to the present value of the additional retirement benefit payable on account of his service in **charter schools or** nonpublic or parochial schools or colleges should he retire at the time credit for such service is established.

(iii) If the member is not eligible to retire at the time he establishes credit for service in **charter schools or** nonpublic or parochial schools or colleges, there shall be paid into the system an amount which, if invested at regular interest, would accumulate to an amount equal to the present value of the additional retirement benefit payable on account of his service in **charter schools or** nonpublic or parochial schools or colleges should the member continue until the earliest date he is eligible to retire.

(2)(a) In determining the present value of the additional benefit payable on account of service in **charter schools or** nonpublic or parochial schools or colleges and the amounts to be paid for credit for such service, regular interest, salary scales used to project future salary increases, and the tables of the system as adopted by the board of trustees shall be utilized.

(b) Amounts paid to establish credit for teaching service in **charter schools or** nonpublic or parochial schools or colleges shall be credited to the member's account in the Annuity Savings Fund. Such amounts shall be paid in one lump sum.

* * *

Section 2. R.S. 17:3997(A)(2) and (3) are hereby amended and reenacted to read as follows:

§3997. Charter school employees

A.(1) * * *

(2) Employees employed by any charter school who, previous to employment in the charter school, were employees of a local school board shall, if such

employees desire, be placed on leave of absence pursuant to Subsection B of this Section. However, for the duration of such leave each such employee shall continue ~~to~~ contribute to and be ~~eligible for~~ **a member of** the school employees' ~~and or~~ teachers' retirement ~~systems~~ **system**, and earn service ~~time~~ **credit** for the accrual of retirement benefits. However, service time while employed by a charter school shall not accrue toward the acquisition of permanent status.

(3)(a) Employment in any charter school for all employees other than those provided for in Paragraph (2) of this Subsection shall be deemed to be employment in a public elementary or secondary school in the state regarding eligibility for any or all benefits which would otherwise accrue under state law to such an employee in any other elementary or secondary school, including but not limited to membership in the school employees' and teachers' retirement systems. However, participation of the charter school and its employees in such benefit programs shall be contingent upon provisions contained in the school's approved charter.

(b)(i) The provisions of such charter may require only teachers employed by the charter school who previous to employment in the charter school were employees of a local school board to continue active membership in the Teachers' Retirement System of Louisiana for the duration of their employment as charter school teachers, regardless of their leave status.

(ii) The provisions of Item (i) of this Subparagraph enacted by the instrument that originated as SLS 12RS-108 shall not become effective until the Teachers' Retirement System of Louisiana is in receipt of a private letter ruling issued by the Internal Revenue Service, pursuant to a request by the system for such a ruling, concluding that the provisions of Item (i) of this Subparagraph will not adversely affect the status of the system as a qualified governmental plan under the Internal Revenue Code.

* * *

Section 2. Act 999 of the 2010 Regular Session is hereby repealed.

Section 3. This Act shall become effective on July 1, 2012; if vetoed by the governor

- 1 and subsequently approved by the legislature, this Act shall become effective on July 1,
2 2012, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Laura Gail Sullivan.

DIGEST

Heitmeier (SB 31)

Act 999 of the 2012 Regular Session, if it became effective, would allow charter school teachers to purchase service credit in the Teachers' Retirement System of Louisiana (TRSL). Would further allow charter schools to offer a bifurcated pension plan to their employees with persons who have creditable service in TRSL remaining in TRSL and persons with no TRSL service in an alternative retirement plan.

Act 999's effectiveness was contingent on receipt by TRSL of a private letter ruling (PLR) from the Internal Revenue Service in response to a system request for such PLR dated March 15, 2010, stating such bifurcated plan would not adversely affect the system's status as a tax-qualified plan. The IRS declined to issue a PLR in response to the request bearing that date.

Proposed law allows charter school teachers to purchase service credit in TRSL.

Proposed law allows charter schools to offer a bifurcated pension plan to their employees with persons who have creditable service in TRSL remaining in TRSL and persons with no TRSL service in an alternative retirement plan, after receipt of a PLR in response to a system request.

Effective July 1, 2012.

(Amends R.S. 11:728(C)(1)(a) and (b)(ii) and (iii) and (2)(a) and (b), and R.S. 17:3997(A)(2) and (3); repeals Act 999 of 2010 Reg. Session)